

# Clean Water SRF Affordability

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Stakeholder Meeting | May 20, 2015

Emily Carpenter

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# Agenda

- Introductions
- Federal Affordability Requirements
- Missouri Affordability (CAFCom)
- Implementation



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DEPARTMENT OF  
NATURAL RESOURCES

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# Federal Affordability

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# FWPCA

On June 10, 2014, President Obama signed into law the Water Resources and Development Act of 2014 (WRRDA). Among its provisions are amendments to Titles I, II, V, and VI of the Federal Water Pollution Control Act (FWPCA). These amendments affected the Clean Water State Revolving Funding (SRF) program.

[www.govtrack.us/congress/bills/113/hr3080/text](http://www.govtrack.us/congress/bills/113/hr3080/text)

# FWPCA section 603(i)


- Establish affordability criteria.
- Deadline of September 30, 2015.
- Option to provide grants to offset the high burden of financing wastewater infrastructure projects.
- Must seek public comment and public notice the affordability criteria.

# FWPCA section 603(i)

- The affordability analysis must contain:
  - Income;
  - Unemployment data;
  - Population trends; and
  - Other data determined relevant by the department.

# EPA Guidance


[dnr.mo.gov/env/wpp/cwforum/docs/wrrda-guidance091814.pdf](http://dnr.mo.gov/env/wpp/cwforum/docs/wrrda-guidance091814.pdf)

 UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

SEP 18 2014 OFFICE OF WATER

**MEMORANDUM**

**SUBJECT:** Initial Interpretive Guidance for Certain Amendments in the Water Resources Reform and Development Act to Titles I, II, V, and VI of the Federal Water Pollution Control Act.

**FROM:** Andrew D. Sawyers, Ph.D., Director  
Office of Wastewater Management (4201M) 

**TO:** Water Management Division Directors  
Regions I-X

This memorandum provides initial interpretive guidance implementing the amendments in the Water Resource Reform and Development Act affecting the Clean Water State Revolving Fund Program. Please distribute to your respective States as soon as practicable. This guidance is effective October 1, 2014.


I want to note that the issue involving the scope of the definition of treatment works with respect to nonpoint source projects is still under consideration. Our intent is to distribute questions and answers on this issue as well as other topics that were not addressed specifically in this guidance. Additional guidance will be prepared early in federal fiscal year 2015 to implement section 602(b)(13) which requires, among other things, a certification that "cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity" have been studied and evaluated.

I want to especially express my appreciation to the Regions and States for their comments and suggestions on the draft guidance. Inquiries regarding the guidance should be directed to Kelly Tucker (202/564-0608) or Emily Nicasio (202/564-9920).

Attachment

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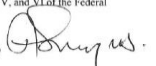
[dnr.mo.gov/env/wpp/cwforum/docs/wrrda-guidance010615.pdf](http://dnr.mo.gov/env/wpp/cwforum/docs/wrrda-guidance010615.pdf)

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**FROM:** Andrew D. Sawyers, Ph.D., Director  
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The purpose of this memorandum is to follow up on the initial interpretive guidance issued on September 18, 2014 with additional supplemental information on section 602(b)(13). The guidance also has several appendices, including a set of questions and answers. Please distribute to your respective States as soon as possible.

Next year, we will be holding a series of training sessions in each Region for EPA and State Clean Water State Revolving Fund staff. The sessions will focus in part on the opportunities offered by the amendments, particularly with respect to project planning and eligibilities.

Again, I would like to express my appreciation to the Regions and States for your helpful comments in drafting the guidance and making possible its timely issuance. Inquiries regarding the guidance should be directed to Kelly Tucker (202/564-0608) or Emily Nicasio (202/564-9920).

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# Missouri Affordability

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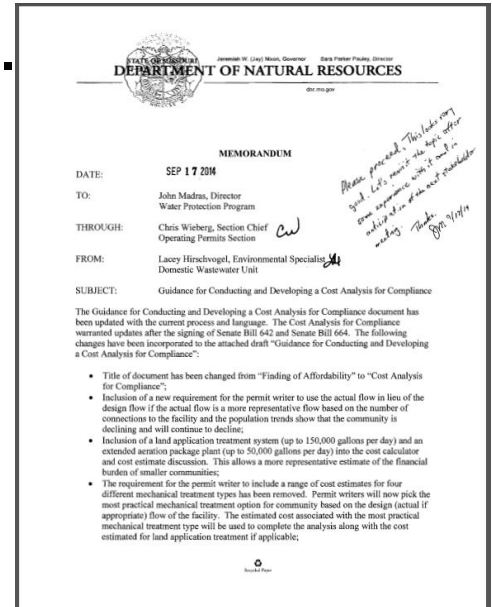
# Missouri Affordability

In 2011, HB89 passed and amended Section 644.145 RSMo. This required the department adopt procedures to determine whether a permit or enforcement decision is affordable and make a finding of affordability for each permit or enforcement decision related to combined or separate sanitary sewer systems or publicly owned treatment works.

# CAFCom

On September 17, 2014, the department issued guidance for conducting and development a “Cost Analysis for Compliance” (CAFCom) previously known as an “Affordability Analysis”.

[dnr.mo.gov/env/wpp/cwforum/docs/memo-cost-analysis.pdf](http://dnr.mo.gov/env/wpp/cwforum/docs/memo-cost-analysis.pdf)



**MEMORANDUM**

DATE: SEP 17 2014

TO: John Madras, Director  
Water Protection Program

THROUGH: Chris Wieberg, Section Chief  
Operating Permits Section *CW*

FROM: Lacey Hirschvogel, Environmental Specialist *LH*  
Domestic Wastewater Unit

SUBJECT: Guidance for Conducting and Developing a Cost Analysis for Compliance

The Guidance for Conducting and Developing a Cost Analysis for Compliance document has been updated with the current process and language. The Cost Analysis for Compliance warranted updates after the signing of Senate Bill 642 and Senate Bill 664. The following changes have been incorporated to the attached draft "Guidance for Conducting and Developing a Cost Analysis for Compliance":

- Title of document has been changed from "Finding of Affordability" to "Cost Analysis for Compliance";
- Inclusion of a new requirement for the permit writer to use the actual flow in lieu of the design flow if the actual flow is a more representative flow based on the number of connections to the facility and the population trends show that the community is declining and will continue to decline;
- Inclusion of a land application treatment system (up to 150,000 gallons per day) and an extended aeration package plant (up to 50,000 gallons per day) into the cost calculator and cost estimate discussion. This allows a more representative estimate of the financial burden of smaller communities;
- The requirement for the permit writer to include a range of cost estimates for four different mechanical treatment types has been removed. Permit writers will now pick the most practical mechanical treatment option for community based on the design (actual if appropriate) flow of the facility. The estimated cost associated with the most practical mechanical treatment type will be used to complete the analysis along with the cost estimated for land application treatment if applicable;

*Please provide the lead copy and let's review with it and in meeting. Thanks. JPM 9/17/14*

Revised 9/17/14

# CAFCom

- Evaluates many socioeconomic indicators including but not limited to:
  - Median household income (MHI);
  - Percent unemployment;
  - Percent population growth/decline;
  - Missouri Sustainability Assessment Tool (MoSAT); and
  - Poverty level.

# CAFCom

Allows communities to provide additional financial information by means of the Financial Questionnaire form.

[dnr.mo.gov/forms/780-2511-f.pdf](http://dnr.mo.gov/forms/780-2511-f.pdf)

| MISSOURI DEPARTMENT OF NATURAL RESOURCES<br>WATER PROTECTION PROGRAM, WATER POLLUTION BRANCH<br>FINANCIAL QUESTIONNAIRE  |               |
|--|---------------|
| <b>NOTE:</b> FINANCIAL INFORMATION THAT IS NOT PROVIDED THROUGH THIS FORM WILL BE OBTAINED BY THE DEPARTMENT FROM READILY AVAILABLE SOURCES.   |               |
| <b>1. GENERAL INFORMATION</b>  |               |
| Facility Name:   | Project #/MO: |
| <b>2. GENERAL FINANCIAL INFORMATION (ALL FACILITIES)</b>   |               |
| 2.1 Number of connections to the facility: Residential _____ Commercial _____ Industrial _____   |               |
| 2.2 Current sewer user rate:<br>Based on a 5,000 gallon per month usage \$ _____ <div style="float: right;">             The sewer user rate is (check one):<br/> <input type="checkbox"/> Rate Capacity (set rate)<br/> <input type="checkbox"/> Pay as You Go           </div>   |               |
| 2.3 Current operating costs for the facility (excludes depreciation):  |               |
| 2.4 Bond Rating (if applicable):   |               |
| 2.5 Bonding Capacity:<br><small>General obligation bond capacity allowed by constitution: cities up to 20% of taxable tangible property; sewer districts up to 10% of taxable tangible property.</small>   |               |
| 2.6 Current outstanding debt relating to wastewater collection and treatment:<br><small>Debt information is typically available from your community's annual financial statements.</small>   |               |
| 2.7 Amount of current user rate per household per month used toward payments on wastewater debt:   |               |
| 2.8 Overall net debt:<br><small>Net debt is defined as debt owned by property taxes within a utility/municipality's service area. It excludes debt that is repaid by special user fees (e.g. revenue bonds). Debt information is typically available from your community's annual financial statements.</small>  |               |
| <b>3. FINANCIAL INFORMATION SPECIFIC TO MUNICIPALITIES</b>   |               |
| 3.1 Municipality's Full Market Property Value (FMPV):<br><small>FMPV data is typically available through your community or state assessor's office.</small>  |               |
| 3.2 Municipality's property tax revenues:<br><small>Property tax revenues are typically available from your community's annual financial statements.</small>   |               |
| 3.3 Municipality's property tax collection rate:<br><small>To determine the collection rate, you will need to divide property tax revenues by the property taxes levied. To calculate property taxes levied, multiply the assessed value of real property within your community/service area by the property tax rate. This information is typically available through your community or state assessor's office. Property tax revenues are typically available in your community's annual financial statements.</small> |               |

# CAFCom

- For more information:
  - Affordability Subcommittee:
    - [dnr.mo.gov/env/wpp/cwforum/affordability.htm](http://dnr.mo.gov/env/wpp/cwforum/affordability.htm)
  - Contact:
    - Lacey Hirschvogel
    - [lacey.hirschvogel@dnr.mo.gov](mailto:lacey.hirschvogel@dnr.mo.gov)



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# Implementation

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# Grants

- The department is still working through the process for the Fiscal Year 2016 Intended Use Plan.
- Unknown how much funds will be available in the form of grants.
- Unknown applicant eligibility requirements.

# Implementation

- Staff will utilize CAFCom.
- Benefits:
  - Meets the requirements of FWPCA.
  - Established since 2011 and refined in 2014.
  - *Consistent affordability determinations throughout the Water Protection Program (WPP).*



# Implementation

1. Applicant submits a SRF application.
2. Staff determine whether the proposed user charge is  $\geq 1.5\%$  of the applicant's MHI.
  - a. If  $\geq 1.5\%$  triggers a CAFCom.
  - b. If  $< 1.5\%$  no CAFCom.

# Implementation

3. Staff requests the applicant complete the Financial Questionnaire form.
4. Applicant submits a “complete” facility plan.
5. Applicant provides documentation of an acceptable debt instrument.

# Implementation

6. Staff will draft a CAFCom.
7. Staff provide a 15 day pre-review period.
8. Applicant reviews the draft CAFCom and provides comments. (Time extensions may be requested.)
9. Staff incorporates comments.

# Implementation

10. Staff finalizes CAFCom.
11. Routes for management review.
12. Approval by the FAC Director.
13. Applicant receives a hard copy and another copy is kept in the project file.

# Implementation

- Staff may include applicant and project specific information in the CAFCom:
  - SRF application received date;
  - Priority points value;
  - Intended Use Plan ranking;
  - Income survey results;

# Implementation

- Acceptable debt instrument:
  - Amount \$\$; and
  - Date of election;
- Facility plan:
  - Received date;
  - Recommended project alternative description;
  - Estimated project cost; and
  - Proposed user rate.

# Income Survey

- Some applicants may feel the American Community Survey (ACS) does not accurately reflect the demographics of their community.
- Currently, the department does not have a policy or procedure to conduct or review income surveys.

# Income Survey

- The department will accept income surveys approved by:
  - USDA-RD; or
  - CDBG.
- The results of the income survey will replace the applicant's ACS reported MHI.



# Existing CAFCom

- In some instances, an applicant may have an existing CAFCom completed by another WPP staff member (e.g. operating permits or enforcement).
- This situation will become more prevalent in the future.

# Existing CAFCom

- Staff may utilize an existing CAFCom under the following provisions:
  - Existing CAFCom is dated after September 17, 2014;
  - Less than 5 years have passed;
  - Applicable to the proposed SRF project; and
  - No significant change in the applicant's economic conditions.

# Existing CAFCom

- If the existing CAFCom meets the above provisions, then staff will not be required to duplicate the work effort.
  - Staff are still required to request a completed Financial Questionnaire form.
- If the existing CAFCom does not meet one or more of the above provisions, staff will be required to draft a new CAFCom.

# Plans & Specifications

- When plans and specifications are received, staff will reevaluate the previous CAFCom. If any of the following has occurred a new CAFCom will need to be drafted:
  - More than 5 years have passed;
  - A substantial change in project scope; or
  - A change in the applicant's economic conditions.

# Public Notice

- 30 day public notice period.
- July 6, 2015 – August 5, 2015
- Email: [DNR.SRFPublicNotice@dnr.mo.gov](mailto:DNR.SRFPublicNotice@dnr.mo.gov)
- Mailing Address:

Missouri Department of Natural Resources  
Financial Assistance Center  
Attn: Mrs. Emily Carpenter  
P.O. Box 176  
Jefferson City, MO 65102-0176

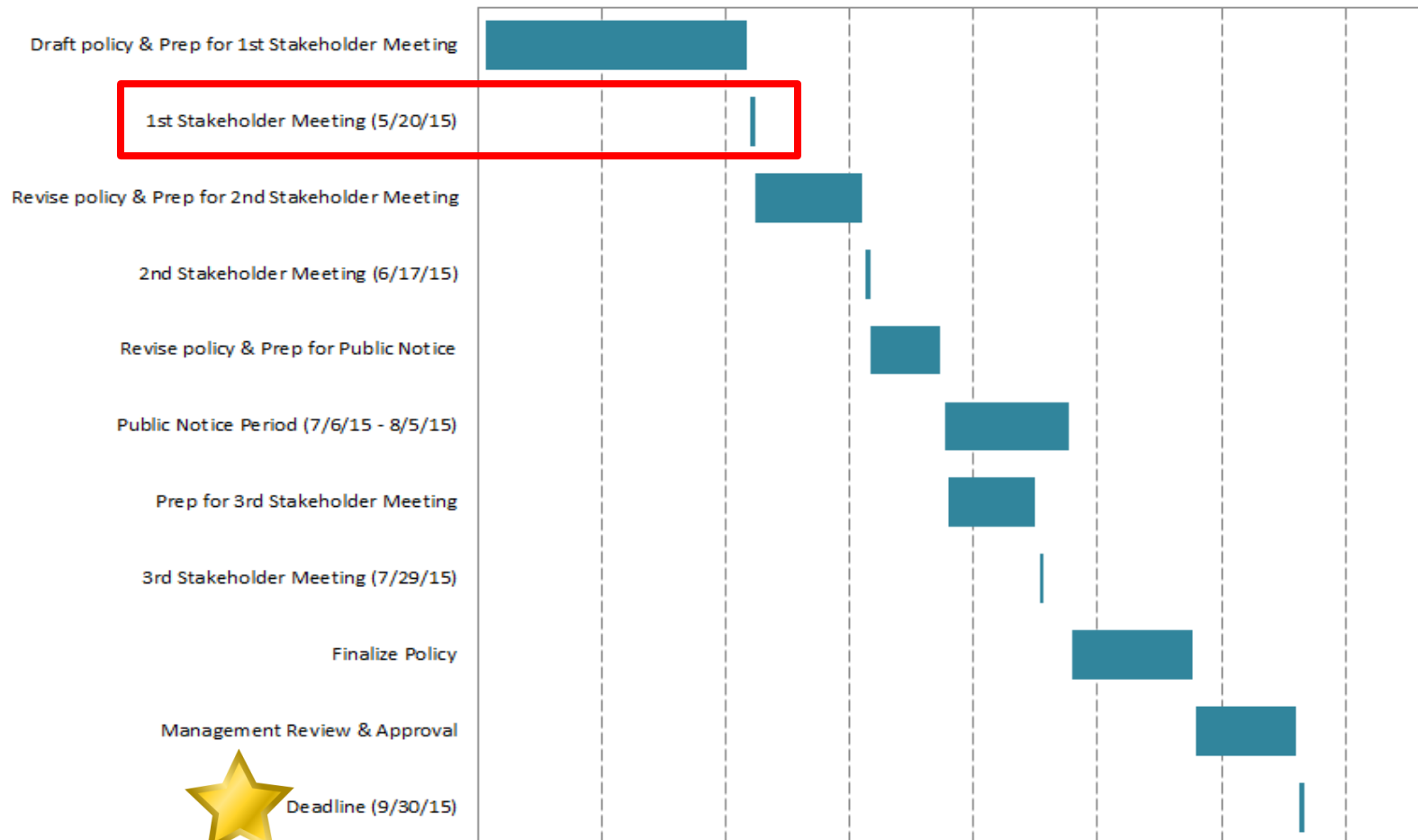
# Future Meetings

- June 17, 2015 (1:00 p.m. – 4:00 p.m.)
  - Gasconade Camp conference room
- July 29, 2015 (9:00 a.m. – noon)
  - Gasconade Camp conference room
  - *During the public notice period.*
  - SRF Regulation Stakeholder meeting is directly after from 1:00 p.m. – 4:00 p.m.



## Clean Water SRF Affordability Criteria Timeline

3/15/2015 4/14/2015 5/14/2015 6/13/2015 7/13/2015 8/12/2015 9/11/2015 10/11/2015



# After September 30, 2015

- The department plans to incorporate this procedure into future regulation amendments.
  - 10 CSR 20-4.040 SRF General Assistance





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# Questions?



Emily Carpenter

[emily.carpenter@dnr.mo.gov](mailto:emily.carpenter@dnr.mo.gov)



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# Thank you!

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[dnr.mo.gov/env/wpp/cwforum/srf-affordability.htm](http://dnr.mo.gov/env/wpp/cwforum/srf-affordability.htm)